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Message Text

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63
ACTION NEA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08

CEA-02 INT-08 ABF-01 HEW-08 AGR-20 IGA-02 DRC-01 /203 W
---------- 043277
R 261300Z FEB 74
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 9914
INFO AMEMBASSY KATHMANDU

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E.O. 11652: N/A
TAGS: EFIN, IN
SUBJ: RUPEES: AID TO NEPAL

1. AS REQUESTED IN STATE'S 32411 (NOTAL) WE HAVE CONFIRMED WITH GOI THAT GOI HAS NO OBJECTION TO DRAWDORN OF COOLEY ACCOUNT FOR AID TO NEPAL EVEN BEFORE COOLEY LOAN REPAYMENTS ARE ADEQUATE TO COVER SUCH AMOUNTS. IN EFFECT WE WOULD BE BORROWING FROM THE COLLEY ACCOUNT ON THE STRENGTH OF OUR FUTURE INCOME (COOLEY LOAN REPAYMENTS). CONVERSIONS PAYMENT ON JULY 1 WOULD ALSO BE UNAFFECTED.

2. ACCORDINGLY WE RECOMMEND THAT EMBASSY KATHMANDU BE INFORMED THAT IT MAY MAKE WITHDRAWALS UP TO RS 65 MILLION AT ANY TIME FOR AID PROJECTS IN NEPAL. THE ISSUE OF WHETHER TO DRAW THIS IN ONE LUMP SUM OR SEVERAL TRANCHES MIGHT BE LEFT TO EMBASSY KATHMANDU.

3. KATHMANDU'S 649 RAISED A NUMBER OF ISSUES ON RUPEE EXPENDI-
TURES.
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4. WITH RESPECT TO TRAINING IN INDIA, THE NEGOTIATING HISTORY
THAT THIS IS IN ADDITION TO THE RS 65 MILLION IS CLEAR. WE
WILL BE HAPPY TO ASSIST EMBASSY KATHMANDU IN CLARIFYING THE
PROCEDURAL ISSUES INVOLVED ONCE ANY TRAINING PROPOSALS ARE
READY.

5. TRAVEL OF PARTICIPANTS OR AID PERSONNEL TRAVELING TO OR
FROM NEPAL CAN BE RUPEE FINANCED (OUTSIDE THE RS 65 MILLION)
PROVIDING THAT IT MEETS THE GENERAL CRITERIA (I.E. AT LEAST ONE
DAY OFFICIAL BUSINESS IN INDIA) FOR SUCH FINANCING.

6. THERE IS NO PROVISION FOR ADDITIONAL RUPEES SOLELY AS A RESULT
OF INCREASED CONSTRUCTION COSTS IN NAPAL. PROVISION IS MADE
FOR "COMMENSURATE ALLOWANCE" TO REFLECT ANY PRICE INFLATION
"IN INDIA". IF WE WERE TO SEEK INCREASES IN THE RS 65 MILLION
IN THE NEXT TWO YEARS WE WOULD REASONABLY HAVE TO DEMONSTRATE
THAT PRICE INFLATION IN INDIA HAS INCREASED NAPALESE CONSTRUCTION
COSTS.

7. THERE IS NO PROVISION IN THE AGREEMENT FOR THE PURCHASE
WITH DOLLARS OF ADDITIONAL RUPEES FOR USE IN AID PROJECTS IN
NAPAL. SUCH ACTION WOULD BE IN CLEAR VIOLATION OF THE SPIRIT
AND LETTER OF THE AGREEMENT AND SHOULD IN NO WAY FIGURE IN
FUTURE YEARS' AID PROGRAMMING.
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